



Peter Goldmark
Washington State
Commissioner of Public Lands

April 14, 2011

The Honorable Mike Doherty, Chair
Clallam County Commissioners
223 E Fourth St Ste 4
Port Angeles, WA 98362

Subject: Projection of Income from State Forest Lands

Dear Commissioner Doherty:

The Department of Natural Resources (DNR) manages about 92,532 acres of state forest lands (formerly known as forest board lands) that benefit Clallam County. As the attached report shows, in the 1st quarter of calendar year 2011, these lands generated \$1.6 million and are projected to generate \$4.4 million in calendar year 2011. This represents an increase of \$2.5 million from the 2011 projection in the January 2011 report.

Most of this income is from timber sales. Timber markets, supply concerns, contract requirements and regulatory requirements influence when timber purchasers choose to harvest. The revenue projections rely on purchasers' plans for harvest and may change in future reports if those plans change.

The next projection of state forest land revenues will be available in late July 2011. In the meantime, if you have questions about this report, contact Susan Trettevik, Olympic Region Manager. Susan can advise you of possible fluctuations in timber harvest and provide information on DNR management programs and activities in your county. Susan can be reached at 360.374.6131.

Sincerely,

Peter Goldmark
Commissioner of Public Lands

Enclosures

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County Income Report April 2011

Income from management activities on state forest lands is designated for allocation to several taxing districts in each county, depending upon the location of the activity in that county. Only a very small amount is available for discretionary use by the county.

Revenue from state forest lands (formerly known as forest board lands) comes primarily from harvested timber. Lease activities and rights-of-way applications provide additional sources of revenue. Another source of revenue to the counties is leasehold tax returns, which will vary with the amount of lease activity in any given year.

Table 1 shows the annual revenue for each county from calendar year 2002 through the first quarter of calendar year 2011. As is evident in Table 1, total revenue varies considerably from year to year. Many of the key variables responsible for high revenues in one year can also lead to reduced income the following year.

Revenue projections for each of the 19 counties with state forest lands were made for calendar year 2011. **Table 2** includes the summary of all timber harvest projections listed in Table 2A, and is combined with an estimate of additional revenue from leases, rights-of-way applications, and other activity on state forest lands. **Table 2A** presents projected revenue for each timber sale on state forest lands.

Table 3 presents the volume and net value under contract as of March 31, 2011 that is not currently scheduled for harvest until after December 2011.

These projections were developed by Department of Natural Resources' region staff who contacted each timber sale purchaser with sale rights, to determine approximately how much and when they planned to harvest the timber in each sale.

Projections for each sale's anticipated harvest should be considered a rough estimate only, as actual removal activity depends on individual sale characteristics (species, volume, location, etc.), combined with outside market factors as determined by each purchaser.

The schedule of future state forest land timber sales in your county is available upon request from Department of Natural Resources' region staff.

Table 1. Revenue to Counties from State Forest Transfer and Purchase Lands (Calendar Years)

Updated: 4/12/11

County	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Clallam	\$3,600,540	\$4,777,301	\$4,426,097	\$5,495,006	\$4,470,806	\$5,903,404	\$9,323,340	\$4,173,346	\$6,229,596	1,613,003
Clark	\$2,313,003	\$3,820,106	\$4,092,569	\$4,411,237	\$4,264,442	\$5,614,184	\$1,088,753	\$1,977,893	\$8,793,446	1,063,017
Cowlitz	5,001,470	2,934,808	215,329	5,345,911	2,348,848	1,599,865	1,299,756	2,914,752	3,709,692	457,248
Grays Harbor	3,293,823	2,107,685	1,776,300	2,667,556	700,385	1,078,365	404,882	1,007,779	2,178,958	765,544
Jefferson	1,778,453	889,650	1,631,808	3,200,661	1,075,049	762,629	1,409,138	669,093	981,510	698,186
King	1,976,627	2,889,619	4,388,319	995,578	425,144	3,638,003	1,836,570	1,053,232	2,737,595	16,542
Kitsap	31,508	626,030	1,109,673	759,721	218,756	400,093	798,357	244,491	495,884	18,978
Klickitat	263,951	1,207,848	112,777	1,256,702	2,307,063	4,157,236	490,525	1,037,450	327,073	46,632
Lewis	1,534,075	5,493,493	4,356,765	2,606,113	19,053,461	4,421,392	4,715,266	6,738,048	6,147,429	1,385,925
Mason	2,382,746	2,379,357	5,336,229	4,774,081	1,432,968	2,585,862	2,416,073	1,500,640	3,062,868	575,864
Pacific	969,916	1,875,588	2,051,170	2,939,705	2,238,753	2,621,728	963,320	3,428,025	2,060,204	504,871
Pierce	2,237,462	3,571,913	5,620,352	1,778,066	2,251,072	1,435,948	1,509,353	742,913	1,523,600	15,612
Skagit	13,209,159	8,973,769	9,620,659	12,532,120	9,021,036	10,635,736	11,723,743	5,704,325	8,746,747	3,932,882
Skamania	55,235	68,576	533,038	308,142	436,890	540,697	324,117	253,914	1,215,005	212,090
Snohomish	6,452,352	10,398,846	13,664,903	12,756,744	7,069,004	11,391,018	6,323,157	10,138,226	13,132,194	2,419,789
Stevens	33,815	39,619	36,945	40,922	38,002	42,239	40,587	79,484	47,542	81
Thurston	3,770,580	4,523,536	6,270,700	7,777,205	5,344,608	4,915,648	1,777,592	2,625,128	7,964,904	672,494
Wahkiakum	2,414,098	2,011,817	1,015,082	2,730,555	2,146,022	571,852	1,170,658	1,516,340	1,820,052	425,753
Whatcom	5,525,028	6,993,439	7,467,518	6,075,055	2,648,374	2,420,510	6,067,453	3,569,263	2,405,630	803,850
Totals	\$56,843,841	\$65,583,000	\$73,726,233	\$78,451,080	\$67,490,683	\$64,736,409	\$53,682,639	\$49,374,342	\$73,579,929	\$15,628,363

Note: Revenue is received daily by the Department of Natural Resources for activities on State Forest lands and deposited daily at the Office of State Treasurer. Effective February 1998 these monies are remitted to each county via wire transfer a minimum of four times per month. Due to the specific date monies are received by the Department and the cutoff dates used by the State Treasurer for wire transfers, the revenue for the current period may be different than actual remittances to date.

**Table 2. Total Projected Revenues to Counties from State Forest
Transfers and Purchase Lands ^{1/}**
(Dollars in Thousands)

County	April thru June 2011		July thru December 2011	
	High	Medium	High	Medium
Clallam	\$403.8	\$403.8	\$2,372.4	\$2,372.4
Clark	524.4	524.4	1,154.3	1,480.9
Cowlitz	261.6	417.4	11.7	136.4
Grays Harbor	87.2	257.3	402.8	402.8
Jefferson	739.1	739.1	1,287.9	1,287.9
King	12.7	635.7	11.0	509.4
Kitsap	19.5	19.5	16.8	16.8
Klickitat	63.9	63.9	91.3	91.3
Lewis	2,416.9	2,416.9	3,103.0	3,103.0
Mason	136.7	136.7	507.7	507.7
Pacific	275.8	382.9	7.6	49.5
Pierce	3.4	3.4	0.0	51.9
Skagit	3,114.0	3,114.0	814.8	814.8
Skamania	96.3	96.3	115.4	347.5
Snohomish	30.8	2,257.5	2,265.0	38.3
Stevens	8.2	8.2	45.3	45.3
Thurston	1,023.6	1,238.9	269.9	829.8
Wahkiakum	244.7	362.3	169.8	169.8
Whatcom	1,478.8	1,478.8	1,593.3	1,593.3
Totals	\$10,941.6	\$14,557.2	\$14,239.9	\$13,848.7

^{1/} **High - 90 percent reliability that timber harvest will occur and stated revenue will be transmitted.
Medium - 50 percent reliability that timber harvest will occur and stated revenue will be transmitted.**

Note: Projected revenues are based on timber purchaser's logging plans as of March 2011. These plans change with changes in the economy and the business needs of each purchaser. Department of Natural Resources' region staff should be contacted concerning possible fluctuations in timber harvest for sales currently under contract and the schedule of future sales on State Forest Lands in your county.

Table 2A. Projected Timber Harvest Revenues to Clallam County from State Forest Transfer and Purchase Lands by Legal Description
(Thousands of Dollars) ¹¹

Sale App. Number	Sale Name	Expiration Date	Legal Description			April thru June 2011		July thru December 2011		Value Under Contract after Dec-11
			Section	Township	Range	High	Medium	High	Medium	
83194	Blowder Ridge	10/31/11	2, 12 5, 6, 7	31N 31N	13W 12W	122.9	122.9	0.0	0.0	0.0
84831	P 1400	09/30/12	25, 26, 35, 36	32N	13W	18.8	18.8	0.0	0.0	0.0
84839	Longhouse Deluxe	10/31/11	9 18 12, 13	28N 29N 29N	2W 2W 3W	154.3	154.3	0.0	0.0	0.0
85829	Pleasant Park	10/31/12	6 36	30N 30N	5W 6W	39.8	39.8	79.5	79.5	0.0
85830	Olys Remains	08/31/11	6	29N	4W	4.3	4.3	0.0	0.0	0.0
86727	Joyce Dry Log Sorts #1	08/31/11	3, 14, 23, 24 5	30N 30N	7W 8W	0.0	0.0	313.3	313.3	0.0
86728	Joyce Dry Log Sorts #2	08/31/11	3, 14, 23, 24 5	30N 30N	7W 8W	0.0	0.0	251.8	251.8	0.0
86729	Joyce Dry Log Sorts #3	08/31/11	3, 14, 23, 24 5	30N 30N	7W 8W	0.0	0.0	193.1	193.1	0.0
86730	Joyce Dry Log Sorts #4	08/31/11	3, 14, 23, 24 5	30N 30N	7W 8W	0.0	0.0	538.5	538.5	0.0
86731	Joyce Dry Log Sorts #5	08/31/11	3, 14, 23, 24 5	30N 30N	7W 8W	0.0	0.0	16.4	16.4	0.0
86732	Joyce Dry Log Sorts #6	08/31/11	3, 14, 23, 24 5	30N 30N	7W 8W	0.0	0.0	44.4	44.4	0.0
86733	Joyce Dry Log Sorts #7	08/31/11	3, 14, 23, 24 5	30N 30N	7W 8W	0.0	0.0	136.0	136.0	0.0
86734	Joyce Dry Log Sorts #8	08/31/11	3, 14, 23, 24 5	30N 30N	7W 8W	0.0	0.0	110.9	110.9	0.0

Table 2A. Projected Timber Harvest Revenues to Clallam County from State Forest Transfer and Purchase Lands by Legal Description
(Thousands of Dollars) ¹¹

Sale App. Number	Sale Name	Expiration Date	Section	Legal Description		April thru June 2011		July thru December 2011		Value Under Contract after Dec-11
				Township	Range	High	Medium	High	Medium	
86735	Joyce Dry Log Sorts #9	08/31/11	3, 14, 23, 24 5	30N 30N	7W 8W	0.0	0.0	159.7	159.7	0.0
86736	Joyce Dry Log Sorts #10	08/31/11	3, 14, 23, 24 5	30N 30N	7W 8W	0.0	0.0	293.2	293.2	0.0
86737	Joyce Dry Log Sorts #11	08/31/11	3, 14, 23, 24 5	30N 30N	7W 8W	0.0	0.0	6.7	6.7	0.0
86738	Joyce Dry Log Sorts #12	08/31/11	3, 14, 23, 24 5	30N 30N	7W 8W	0.0	0.0	37.0	37.0	0.0
Total						\$339.9	\$339.9	\$2,180.5	\$2,180.5	\$0.0

¹¹ High - 90 percent reliability that timber harvest will occur and stated revenue will be transmitted.
Medium - 50 percent reliability that timber harvest will occur and stated revenue will be transmitted.
Values are cumulative from high to medium probability.

Note: Projected revenues are based on timber purchaser's logging plans as of March 2011. These plans change with changes in the economy and business needs of each purchaser. Department of Natural Resources regional staff should be contacted concerning possible changes in timber harvest plans and for copies of sale area maps for specific locations of timber sales within the legal descriptions listed above.

Table 3. Volume and Net Value of Timber under Contract on State Forest Transfer and Purchase Lands for Harvest after Calendar Year 2011 ^{1/}

County	Volume (mbf)	Net Value
Clallam	0	\$0
Clark	5,258	1,796,111
Cowlitz	1,177	281,940
Grays Harbor	2,764	1,063,772
Jefferson	0	0
King	0	0
Kitsap	0	0
Klickitat	0	0
Lewis	4,916	2,247,608
Mason	0	0
Pacific	1,903	515,292
Pierce	78	19,216
Skagit	8,284	2,860,527
Skamania	147	49,216
Snohomish	8,048	3,059,220
Thurston	704	296,789
Wahkiakum	1,649	394,587
Whatcom	3,859	1,263,603
Totals	38,785	\$13,847,880

^{1/} Normally, counties receive 75 percent of State Forest land Transfer revenues and 26.5 percent of State Forest land Purchase revenues.

Note: The sales represented here are currently under contract as of March 2011. This timber could be harvested at any time depending on market conditions and business needs as determined by each purchaser. Sales to be sold in the future could provide additional revenue to your county. Department of Natural Resources' region staff should be contacted concerning future sale activity and dates.